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RUCPDOC/DEPT OF COMMERCE WASHINGTON DC
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RUEATRS/DEPT OF TREASURY WASHINGTON DC
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RUEHSG/AMEMBASSY SANTIAGO

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SUBJECT: Santiago Feb. 3 Media Report

Lead

¶1. A small boat was hit by winds of up to 40 knots and 20-foot waves in the Chacao Canal in southern Chile and sunk, leaving eight missing. The boat left port without due authorization. No bodies have been recovered (All dailies, 2/3).

Chile-U.S.

¶2. President-elect Pi????era commented on his conversation with President Obama: "I spoke to Secretary of State Hillary Clinton and President Barack Obama. Both congratulated me on my victory and on Chile's exemplary election.... They also expressed hope of strengthening ties with Chile on democracy and human rights.... My intention is to have a mutually respectful, but also fertile relationship with the United States... and to strengthen and improve our free trade agreement." Pi????era said he confirmed his attendance to the summit in Washington on energy safety (sic), where he hopes to meet with President Obama (Financial dailies Diario Financiero and Estrategia, 2/3).

¶3. Pi????era said had spoken with President Obama about their shares values: freedom, an open, competitive economy, and respect for human rights and the environment. Pi????era said he had also asked the U.S. president for a private meeting interview and had invited him to visit Chile (Conservative, afternoon La Segunda 2/2).

Continued coverage of A/S Arturo Valenzuela teleconference (1/28)

¶4. Assistant Secretary Valenzuela recognized the efforts undertaken by the new government of Honduras to regain international recognition by stating that the steps taken by Tegucigalpa to reenter the OAS "are going in the right direction." Valenzuela said that "the lesson here is that democracy is still fragile in Latin America" (Conservative, influential newspaper-of-record El Mercurio, 2/3).

President Obama

¶15. Editorial on President Obama's 2011 fiscal budget: "On Monday President Obama revealed budget proposal for 2011... His remarks show a noteworthy change; After a year after of focusing on stimulating an economic recovery, the emphasis is now clearly on savings This is reasonable... but the inevitable question is whether the government will be able to achieve this.... Obama also proposed a tax increase on higher-income citizens and businesses.... These measures, however, could undermine the capability of the United States to regain its (economic) drive. Now comes the discussion in Congress ... and the question is what alternatives does Obama have if there is no agreement with the Republicans? The U.S. economic recovery is a concern ... because it inevitably affects economies worldwide" (El Mercurio, 2/3).

¶16. Obama's 2011 budget decreases aid for Latin America, especially for Plan Colombia and the Merida Initiative in Mexico. The largest recipients of social programs will be Mexico and Honduras, which will get 16 million additional dollars each, and Haiti that will get over 260 million dollars to recover from the earthquake (La Segunda, 2/2).

IPR

¶17. The Business Software Alliance (BSA) reports that Chile has a 67% rate of software piracy, which is the highest rate of all OECD members that on the average have 35%. The United States has only a 20% software piracy rate, the lowest of all OECD members (Business financial daily Estrategia, 2/3).

Defense

¶18. President Bachelet enacted the law that modernizes the Defense Ministry by creating the office of the Joint Chiefs of Staff. The new JCS will be a three-star general, while all Commanders-in-Chief are four stars. He will be responsible for Chile's strategic military and peace operation, and director in times of war. The law also eliminates the undersecretaries of war, navy, and air force and creates an undersecretary for defense and another for the armed forces. It also establishes the creation of a Commanders-in-Chief "Junta" to advise the Minister of Defense. The new law is emblematic for the Concertacion democratic governments: "This is a special day for those of us who lived through the collapse of our democracy and who realized that it was necessary to make deep changes to prevent that from happening again," said Bachelet (Conservative afternoon daily La Segunda, 2/2).

¶19. "The area of defense is one of public policy in which the armed forces play an irreplaceable role. But the design (of this policy), its evaluation, and control are inevitably the responsibility of the political authorities," said Bachelet with regard to the new law. The new office of the Joint Chiefs of Staff will fall under the command of the President through the Ministry of Defense. He will be appointed by the President from a list of eighteen generals from all the military branches (Government-owned La Nacion, 2/3).

Argentina

¶10. Editorial: "Is President Fernandez staggering... It's unlikely, because Argentina has a considerable ability to go on with its daily life in political conditions that other countries would find chaotic. It is possible that Fernandez will conclude her term falling over and over again" (La Segunda, 2/2).

URBAN